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38-Cotton Loan 1

United States Department of Agriculture
Agricultural Adjustment Administration

Issued September 19, 1938.

INSTRUCTIONS AND PROCEDURE FOR COUNTY COMMITTEES
PERTAINING TO THE 1938 COTTON LOAN PROGRAM

The Agricultural Adjustment Act of 1938, as amended, provides that loans may be made available to eligible producers "Upon cotton during any marketing year beginning in a calendar year in which the average price on August 1, or at any time thereafter during such marketing year, of seven-eighths Middling spot cotton on the ten markets designated by the Secretary (of Agriculture) is below 52 per centum of the parity price of cotton at any such time or the August crop estimate for cotton is in excess of a normal year's domestic consumption and exports, at rates not less than 52 per centum and not more than 75 per centum of the parity price of cotton as of the beginning of the marketing year". The Act also provides that the Commodity Credit Corporation with the approval of the Secretary of Agriculture may utilize the services, facilities and personnel of the Department of Agriculture in the administration of the cotton loan provisions. This includes the services of the State and County Agricultural Conservation Committees. It is important that these committeemen become fully familiar as early as possible with the "1938 Instructions Concerning the Making of Loans by Commodity Credit Corporation to Cotton Producers on Notes Secured by Cotton Warehouse Receipts" (C.C.C. Cotton Form 1, Instructions 1938-39, issued by Commodity Credit Corporation) and the requirements and procedure pertaining to these loans.

Section 1. Persons Eligible.

Any person, partnership, association, or corporation producing cotton in 1938 or acquiring cotton under rental provisions in his capacity of landowner, landlord, share tenant, or sharecropper may obtain a loan up to the full amount of his eligible cotton.

Section 2. Eligible Cotton.

Cotton to be eligible for a loan must have been produced in 1938 by or for the person desiring to obtain the loan or have been acquired by him under rental provisions. A cooperator shall be entitled to obtain a loan at the rates specified in the instructions (C.C.C. Cotton Form 1 (1938-39)) on the full amount of his cotton produced by or for him in 1938 or acquired by him under rental provisions. A non-cooperator shall be entitled to obtain a loan at rates not in excess of 60 per centum of the rates applicable to cooperators on only that amount of cotton produced by or for him which, if marketed, would be subject to payment of penalty under the provisions of section 348 of the Agricultural Adjustment Act of 1938.

A. A cooperator is a producer who has not knowingly planted, or caused or permitted the planting of, cotton in 1938 on any farm in excess of the cotton acreage allotment established for the farm pursuant to section 344 of the Agricultural Adjustment Act of 1938, as amended, in connection with marketing quotas.

B. A non-cooperator is a producer who has knowingly planted, or caused or permitted the planting of, cotton in 1938 on any farm in excess of the cotton acreage allotment established for the farm pursuant to section 344 of the Agricultural Adjustment Act of 1938, as amended, in connection with marketing quotas.

In determining whether or not a producer is a cooperator or non-cooperator, the provisions of section 51B of CAP-105, "Regulations Pertaining to 1937 Cotton Price Adjustment Payment Plan", and any instructions issued with regard thereto shall apply.

Section 3. Producers Receiving White Marketing Cards.

A. Any producer to whom a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carryover" was issued shall be deemed to be a cooperator and may obtain a loan on cotton produced by or for him in 1938 or acquired by him under rental provisions in 1938 without obtaining the approval of the County Agricultural Conservation Committee (hereinafter referred to as the County Committee), and the white marketing card issued to him shall be sufficient evidence that such producer is a cooperator.

Section 4. Producers Who Did not Receive a White Marketing Card (Form Cotton 211) not Marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over".

A. Any producer who did not receive a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over", shall, if he is a cooperator, be eligible to obtain a loan on all cotton produced by or for him in 1938 or delivered to him in payment of standing or fixed-rent or, if he is a non-cooperator, shall be eligible to obtain a loan only on that amount of cotton produced by or for him in 1938 which would be subject, if marketed, to the penalty provided for in section 348 of the Agricultural Adjustment Act of 1938. As evidence of such producer's eligibility, section 10(a) or 10(b), whichever is applicable, of the Certificate of County Agricultural Conservation Committee contained in the Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1938-39)) must be executed by a member of the County Committee (or a person designated by such Committee) of the county in which the producer was engaged in cotton production in 1938. Before executing a Producer's Note and Loan Agreement any such producer may ascertain from the County Committee whether he is a cooperator or non-cooperator. Upon request of any such producer the County Committee shall forthwith determine whether such producer is a cooperator or non-cooperator within the county.

B. If the County Committee finds that such producer is a cooperator, a member of the Committee acting for the Committee or a person designated by the Committee for the purpose shall sign the certification in the space provided in section 10(a) of the Producer's Note and Loan Agreement.

C. If the County Committee finds that the producer is a non-cooperator, a member of the Committee or a person designated by the Committee shall determine the amount of cotton produced in 1938 within the county by or for such producer which, if marketed, would be subject to the payment of penalty by him. This amount of cotton is the difference between such producer's share of the cotton marketing quota as finally determined for the farm and his share of the cotton produced on the farm in 1938. If the producer has an interest in two or more farms in the county, his eligible cotton shall be the sum of the cotton produced on all such farms which, if marketed, would be subject to payment of penalty by him. This amount of cotton may be obtained from the entry in column (22) opposite the producer's name on Form(s) Cotton 254 for all farm(s) in the county in which the producer has an interest as a cotton producer and for which a Form Cotton 254 is executed. If such member of the Committee or the person designated is satisfied that the total amount of cotton which, if marketed, would be subject to payment of penalty by the producer has been correctly entered on Form(s) Cotton 254, such member or person shall

1. examine the records of the office of the Secretary of the County Agricultural Conservation Association to ascertain the amount of cotton previously certified for the producer as eligible for a loan on C.C.C. Cotton Form(s) A (1938-39),

2. deduct the amount of cotton previously certified for the producer as eligible for a loan from the total amount of cotton which, if marketed, would be subject to payment of penalty by the producer, and

3. execute section 10(b) of the Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1938-39)) executed by the producer, provided only that the total weight of the cotton shown in the "Schedule of Warehouse Receipts" contained in C.C.C. Cotton Form A (1938-39) does not exceed the amount obtained by deducting cotton previously certified as eligible for a loan to the producer from the amount of cotton which, if marketed, would be subject to payment of penalty by the producer.

Section 5. Direct Loans.

Any producer who desires to obtain a loan direct from the Commodity Credit Corporation rather than from a local lending agency (for definition of lending agency see section 1(d) of C.C.C. Cotton Form 1, Instructions 1938-39) the Producer's Note and Loan Agreement executed by the producer must be approved by a member of the County Committee or the person designated by the Committee, whether or not the producer received a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over". The Committee's approval is to be indicated, as in section 4 hereof, by a committeeman or the person designated by the Committee executing section 10(a) or 10(b), whichever is applicable, of the Certificate of County Agricultural Conservation Committee contained in the Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1938-39)) executed by the producer.

Section 6. Joint Loans.

Two or more producers on the same farm may execute loan forms jointly provided only all such producers are cooperators or all such producers are non-cooperators. A cooperator and a non-cooperator may not execute loan forms jointly.

(1) Where the producers executing loan forms jointly are cooperators and one of such producers was not issued a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over" it will be necessary for the Producer's Note and Loan Agreement executed by such producers to be approved as provided in subsection B of section 4 hereof. (2) Where the producers executing the loan forms jointly are non-cooperators it will be necessary for the Producer's Note and Loan Agreement executed by such producers to be approved as provided in subsection C of section 4 hereof, which approval shall be made only after the amount of cotton which, if marketed, would be subject to payment of penalty by each such producer has been determined. The Producer's Note and Loan Agreement shall be approved only if the total weight of the cotton shown in the "Schedule of Warehouse Receipts" does not exceed the amount obtained by deducting cotton previously certified as eligible for loans for all such producers from the amount of cotton which, if marketed, would be subject to payment of penalty by all such producers.

In determining whether or not a producer is a cooperator or non-cooperator, the provisions of section 51B of CAP-105, "Regulations Pertaining to 1937 Cotton Price Adjustment Payment Plan", and any instructions issued with regard thereto shall apply.

Section 3. Producers Receiving White Marketing Cards.

A. Any producer to whom a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carryover" was issued shall be deemed to be a cooperator and may obtain a loan on cotton produced by or for him in 1938 or acquired by him under rental provisions in 1938 without obtaining the approval of the County Agricultural Conservation Committee (hereinafter referred to as the County Committee), and the white marketing card issued to him shall be sufficient evidence that such producer is a cooperator.

Section 4. Producers Who Did not Receive a White Marketing Card (Form Cotton 211) not Marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over".

A. Any producer who did not receive a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over", shall, if he is a cooperator, be eligible to obtain a loan on all cotton produced by or for him in 1938 or delivered to him in payment of standing or fixed-rent or, if he is a non-cooperator, shall be eligible to obtain a loan only on that amount of cotton produced by or for him in 1938 which would be subject, if marketed, to the penalty provided for in section 348 of the Agricultural Adjustment Act of 1938. As evidence of such producer's eligibility, section 10(a) or 10(b), whichever is applicable, of the Certificate of County Agricultural Conservation Committee contained in the Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1938-39)) must be executed by a member of the County Committee (or a person designated by such Committee) of the county in which the producer was engaged in cotton production in 1938. Before executing a Producer's Note and Loan Agreement any such producer may ascertain from the County Committee whether he is a cooperator or non-cooperator. Upon request of any such producer the County Committee shall forthwith determine whether such producer is a cooperator or non-cooperator within the county.

B. If the County Committee finds that such producer is a cooperator, a member of the Committee acting for the Committee or a person designated by the Committee for the purpose shall sign the certification in the space provided in section 10(a) of the Producer's Note and Loan Agreement.

C. If the County Committee finds that the producer is a non-cooperator, a member of the Committee or a person designated by the Committee shall determine the amount of cotton produced in 1938 within the county by or for such producer which, if marketed, would be subject to the payment of penalty by him. This amount of cotton is the difference between such producer's share of the cotton marketing quota as finally determined for the farm and his share of the cotton produced on the farm in 1938. If the producer has an interest in two or more farms in the county, his eligible cotton shall be the sum of the cotton produced on all such farms which, if marketed, would be subject to payment of penalty by him. This amount of cotton may be obtained from the entry in column (22) opposite the producer's name on Form(s) Cotton 254 for all farm(s) in the county in which the producer has an interest as a cotton producer and for which a Form Cotton 254 is executed. If such member of the Committee or the person designated is satisfied that the total amount of cotton which, if marketed, would be subject to payment of penalty by the producer has been correctly entered on Form(s) Cotton 254, such member or person shall

1. examine the records of the office of the Secretary of the County Agricultural Conservation Association to ascertain the amount of cotton previously certified for the producer as eligible for a loan on C.C.C. Cotton Form(s) A (1938-39),

2. deduct the amount of cotton previously certified for the producer as eligible for a loan from the total amount of cotton which, if marketed, would be subject to payment of penalty by the producer, and

3. execute section 10(b) of the Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1938-39)) executed by the producer, provided only that the total weight of the cotton shown in the "Schedule of Warehouse Receipts" contained in C.C.C. Cotton Form A (1938-39) does not exceed the amount obtained by deducting cotton previously certified as eligible for a loan to the producer from the amount of cotton which, if marketed, would be subject to payment of penalty by the producer.

Section 5. Direct Loans.

Any producer who desires to obtain a loan direct from the Commodity Credit Corporation rather than from a local lending agency (for definition of lending agency see section 1(d) of C.C.C. Cotton Form 1, Instructions 1938-39) the Producer's Note and Loan Agreement executed by the producer must be approved by a member of the County Committee or the person designated by the Committee, whether or not the producer received a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over". The Committee's approval is to be indicated, as in section 4 hereof, by a committeeman or the person designated by the Committee executing section 10(a) or 10(b), whichever is applicable, of the Certificate of County Agricultural Conservation Committee contained in the Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1938-39)) executed by the producer.

Section 6. Joint Loans.

Two or more producers on the same farm may execute loan forms jointly provided only all such producers are cooperators or all such producers are non-cooperators. A cooperator and a non-cooperator may not execute loan forms jointly.

(1) Where the producers executing loan forms jointly are cooperators and one of such producers was not issued a white marketing card (Form Cotton 211) not marked "Penalty Secured" or "One Thousand Pounds" or "Carry-over" it will be necessary for the Producer's Note and Loan Agreement executed by such producers to be approved as provided in subsection B of section 4 hereof. (2) Where the producers executing the loan forms jointly are non-cooperators it will be necessary for the Producer's Note and Loan Agreement executed by such producers to be approved as provided in subsection C of section 4 hereof, which approval shall be made only after the amount of cotton which, if marketed, would be subject to payment of penalty by each such producer has been determined. The Producer's Note and Loan Agreement shall be approved only if the total weight of the cotton shown in the "Schedule of Warehouse Receipts" does not exceed the amount obtained by deducting cotton previously certified as eligible for loans for all such producers from the amount of cotton which, if marketed, would be subject to payment of penalty by all such producers.

Section 7. Landlords of Standing or Fixed-rent Tenants.

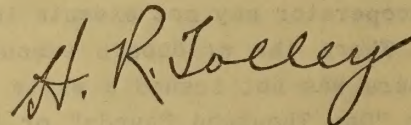
Any person receiving cotton in payment of standing or fixed-rent in 1938, who is not also engaged in producing cotton in 1938 as an owner-operator, share-tenant or sharecropper, shall be entitled to obtain a loan on such cotton as a cooperator and a member of the County Committee of the county in which the cotton was produced or a person designated by the Committee shall approve loans for such producer as provided in subsection B of section 4 hereof. If any such person is also engaged in producing cotton in 1938 as an owner-operator, share-tenant or sharecropper, he shall, if he is a cooperator, be entitled to obtain loans on all cotton produced by or for him in 1938 and acquired by him in payment of standing or fixed-rent, or, if he is a non-cooperator, he shall be entitled to obtain loans on only that amount of cotton which, if marketed, would be subject to payment of penalty by him.

The terms "owner-operator", "share-tenant", "sharecropper" and "cotton producer" as used in these instructions shall have the same meaning as accorded to such terms in the "Regulations Pertaining to 1937 Cotton Price Adjustment Payment Plan" (CAP-105).

Section 8. Records.

It shall be the duty of the County Committee to cause to be maintained in the office of the Secretary of the County Agricultural Conservation Association a record of loans with respect to which a certification is made for each producer who is a non-cooperator, which record shall contain the following:

1. The name and address of the producer.
2. The serial number(s) of the farm(s) in which the producer has an interest in 1938.
3. The amount of cotton which, if marketed, would be subject to payment of the penalty by the producer.
4. The amount of cotton pledged as security for each Producer's Note and Loan Agreement (C.C.C. Cotton Form A (1938-39)) executed by the producer which is approved for the County Committee by a member thereof or a person designated by the Committee signing section 10(b) of the Producer's Note and Loan Agreement.



Administrator, A. A. A.